

# JF Provident European Fund

Audited Annual Report  
30 June 2011

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This report does not constitute an offer of any units in the fund forming the subject matter of this document (the "Fund"). Subscriptions are only valid if made on the basis of the current explanatory memorandum (or equivalent), supplemented by the most recent financial report.

## Statement of Responsibilities of the Manager and the Trustee

### Manager's responsibilities

The Manager of the Fund is required by the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong and the Trust Deed to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Fund at the end of that period and of the transactions for the period then ended. In preparing these financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are prudent and reasonable; and
- prepare the financial statements on the basis that the Fund will continue in operation unless it is inappropriate to presume this.

The Manager is also required to manage the Fund in accordance with the Trust Deed and take reasonable steps for the prevention and detection of fraud and other irregularities.

### Trustee's responsibilities

The Trustee of the Fund is required to:

- ensure that the Fund is managed by the Manager in accordance with the Trust Deed and that the investment and borrowing powers are complied with;
- satisfy itself that sufficient accounting and other records have been maintained;
- safeguard the property of the Fund and rights attaching thereto; and
- report to the unitholders for each annual accounting period on the conduct of the Manager in the management of the Fund.

**Report of the Trustee to the Unitholders**

We hereby confirm that, in our opinion, the Manager of the Fund has, in all material respects, managed the Fund in accordance with the provisions of the Trust Deed dated 12 July 2007 for the year ended 30 June 2011.

For and on behalf of  
Royal Bank of Canada Trust Company (Cayman) Limited, Trustee

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**Independent Auditor's Report**

To the Unitholders of JF Provident European Fund (the "Fund")

**Report on the financial statements**

We have audited the accompanying financial statements of the Fund set out on pages 4 to 17, which comprise the Statement of Financial Position as at 30 June 2011, and the Statement of Comprehensive Income, Statement of Changes in Net Assets Attributable to Holders of Redeemable Units and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's responsibility for the financial statements**

The Trustee and the Manager (the "Management") of the Fund are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and are responsible for ensuring that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 12 July 2007, as amended (the "Trust Deed"), and the relevant financial statements disclosure provisions specified in Appendix E of the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong (the "SFC Code"), and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 30 June 2011, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards.

**Report on other legal and regulatory disclosure requirements**

We report that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed and the relevant financial statements disclosure provisions specified in the SFC Code.

PricewaterhouseCoopers  
Cayman Islands,

13 October 2011

Statement of Financial Position  
As at 30 June 2011

	2011 HK\$	2010 HK\$
<b>Assets</b>		
Cash at banks	216,570	106,100
Amounts receivable on allotment	347	196,475
Investments [Note 4(l)(a)]	9,131,455	4,804,763
	<u>9,348,372</u>	<u>5,107,338</u>
	-----	-----
<b>Liabilities</b>		
Amounts due to brokers	100,000	-
Other accounts payable	77,973	68,403
	<u>177,973</u>	<u>68,403</u>
	-----	-----
<b>Liabilities (excluding net assets attributable to holders of redeemable units)</b>	<u>177,973</u>	<u>68,403</u>
	-----	-----
<b>Net assets attributable to holders of redeemable units</b> [Note 3]	<u><u>9,170,399</u></u>	<u><u>5,038,935</u></u>

Approved by the Trustee and the Manager on 13 October 2011

Signed By:

For and on behalf of Royal Bank of Canada Trust Company (Cayman) Limited, Trustee

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For and on behalf of JPMorgan Funds (Asia) Limited, Manager

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Statement of Comprehensive Income  
For the year ended 30 June 2011

	2011 HK\$	2010 HK\$
<b>Income</b>		
Net gains on investments [Note 5]	2,097,600	178,059
Interest on deposits	-	1
Net foreign currency exchange losses	(169)	(89)
	<u>2,097,431</u>	<u>177,971</u>
	-----	-----
<b>Expenses</b>		
Management fee [Note 7(f)]	74,481	48,015
Auditor's fee	65,412	62,000
Administration fee [Note 7(g)]	41,764	26,167
Legal and professional expenses	8,415	514
Printing and publication expenses	4,053	4,139
Transaction costs	2,444	2,640
Safe custody and bank charges	757	420
Trustee's fee [Note 8]	126	135
Other operating expenses	41,118	45,923
	<u>238,570</u>	<u>189,953</u>
	-----	-----
<b>Net operating profit/(loss)</b>	1,858,861	(11,982)
Change in cumulative difference arising from the fair value adjustment of units of the Fund	-	(58,102)
	<u>1,858,861</u>	<u>(70,084)</u>
	=====	=====
<b>Increase/(decrease) in net assets attributable to holders of redeemable units and total comprehensive income/(loss)</b>	1,858,861	(70,084)

The notes on pages 8 to 17 form part of these financial statements.

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units  
For the year ended 30 June 2011

	2011 HK\$	2010 HK\$
Net assets attributable to holders of redeemable units at the beginning of the year	5,038,935	3,764,384
	-----	-----
Allotment of redeemable units [Note 3]	4,904,254	2,762,444
Redemption of redeemable units [Note 3]	(2,631,651)	(1,417,809)
<b>Net allotment</b>	<u>2,272,603</u>	<u>1,344,635</u>
	-----	-----
	7,311,538	5,109,019
<b>Increase/(decrease) in net assets attributable to holders of redeemable units and total comprehensive income/(loss)</b>	<u>1,858,861</u>	<u>(70,084)</u>
	-----	-----
Net assets attributable to holders of redeemable units at the end of the year	<u><u>9,170,399</u></u>	<u><u>5,038,935</u></u>

*The notes on pages 8 to 17 form part of these financial statements.*

**Statement of Cash Flows**  
For the year ended 30 June 2011

	2011 HK\$	2010 HK\$
<b>Operating activities</b>		
Purchase of investments	(3,233,323)	(1,966,865)
Proceeds from disposal of investments	1,104,231	922,494
Interest received	-	1
Trustee's fee paid	(143)	(115)
Transaction costs paid	(2,024)	(2,795)
Administration fee paid	(39,849)	(25,667)
Management fee paid	(71,191)	(47,189)
Others	(115,960)	(103,423)
<b>Net cash outflow from operating activities</b>	<u>(2,358,259)</u>	<u>(1,223,559)</u>
<b>Financing activities</b>		
Receipts on allotment of redeemable units	5,100,382	2,565,969
Payments on redemption of redeemable units	(2,631,651)	(1,417,809)
<b>Net cash inflow from financing activities</b>	<u>2,468,731</u>	<u>1,148,160</u>
<b>Increase/(decrease) in cash and cash equivalents</b>	110,472	(75,399)
Cash and cash equivalents at the beginning of the year	106,100	181,481
Exchange (losses)/gains on cash and cash equivalents	(2)	18
<b>Cash and cash equivalents at the end of the year</b>	<u><u>216,570</u></u>	<u><u>106,100</u></u>
<b>Analysis of balances of cash and cash equivalents:</b>		
Cash at banks	<u><u>216,570</u></u>	<u><u>106,100</u></u>

## Notes to the Financial Statements

### 1 The Fund

JF Provident European Fund (the "Fund") was established under a Trust Deed dated 12 July 2007, and is governed by the laws of the Cayman Islands. The Fund is authorized by the Securities and Futures Commission of Hong Kong ("SFC").

The Fund is a feeder fund investing solely in the units of JF SAR European Fund (the "Master Fund"), a collective investment scheme managed by JF Asset Management Limited, a Connected Person of the Manager. The primary investment objective of the Fund is to maximize its long-term capital appreciation in Hong Kong dollar terms.

The investment objective of the Master Fund is to provide investors with long-term capital growth in United States dollar terms through a portfolio consisting primarily of securities of companies based or operating principally in countries in Western Europe. A portion of the Master Fund may be invested in companies which are based or operating in other countries in Eastern Europe.

The Fund offers two classes of units, administration units and investment units. All unitholders' rights with regard to the convening, voting or otherwise acting at any meeting of unitholders are the same.

### 2 Summary of principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### (a) Basis of preparation of financial statements

The financial statements of the Fund have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) held at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires the Manager and the Trustee (the "Management") to exercise their judgment in the process of applying the Fund's accounting policies.

#### *New standards and amendments to standards that are not yet effective and have not been early adopted by the Fund*

HKFRS 9, "Financial Instruments" issued in November 2009. This standard is the first step in the process to replace Hong Kong Accounting Standards ("HKAS") 39, "Financial Instruments: Recognition and Measurement". HKFRS 9 introduces new requirements for classifying and measuring financial assets. In the fourth quarter of 2010, the Hong Kong Institute of Certified Public Accountants ("HKICPA") has released additions to HKFRS 9 dealing with financial liabilities. The additions, which are part of the HKICPA's plan to replace HKAS 39, retain most of the HKAS 39's requirements for financial liabilities. The main change is that in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to the entity's own credit risk is recorded in other comprehensive income. The standard is not applicable until 1 January 2013 but is available for early adoption. The Management is currently assessing the impact on the Fund's financial statements.

HKFRS 13, "Fair Value Measurement" issued in June 2011. This standard introduces guidance for defining and measuring fair value. It also requires for additional disclosures about fair value measurements so as to enhance the comparability of information reported in the financial statements. The standard is not applicable until 1 January 2013 but is available for early adoption. The Management is currently assessing the impact on the Fund's financial statements.

#### (b) Investments

##### *Classification*

The Fund classifies its investments as financial assets or financial liabilities at fair value through profit or loss. These financial assets or financial liabilities are held-for-trading as they are acquired or incurred principally for the purpose of selling or repurchasing in the near term or short-term profit taking.

##### *Recognition, derecognition and measurement*

Purchases and sales of investments are accounted for on the trade date basis. Investments are initially recognized at fair value and are subsequently re-measured at fair value. Realized and unrealized gains and losses on investments are recognized in the Statement of Comprehensive Income. Investments are derecognized when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

*Fair value estimation*

Investments in collective investment schemes are stated at fair value based on the net asset value per unit of the respective funds as determined by the administrators of the relevant funds.

**(c) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

**(d) Income and expense**

Interest income on cash at banks and short term deposits is accounted for in the Statement of Comprehensive Income on an effective interest basis.

Expenses are accounted for in the Statement of Comprehensive Income on an accrual basis.

**(e) Foreign currency translation***Functional and presentation currency*

The Fund has adopted Hong Kong dollar as its functional and presentation currency.

*Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of assets and liabilities denominated in foreign currencies at year end exchange rates are recognized in the Statement of Comprehensive Income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the Statement of Comprehensive Income within "Net foreign currency exchange gains/losses". Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the Statement of Comprehensive Income within "Net gains/losses on investments".

**(f) Cash and cash equivalents**

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise cash at banks and bank deposits with maturity of three months or less from the date of placing the deposits, net of certain short term bank loans which the Fund usually undertakes as overnight bank borrowings.

**(g) Amounts due from/to brokers**

Amounts due from/to brokers represent receivables for investments sold and payables for investments purchased that have been contracted for but not yet settled by the end of the year.

**(h) Proceeds and payments on allotment and redemption of units**

The net asset value per unit is computed for each dealing day. The price at which units are allotted or redeemed is calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day in accordance with the provisions of the Fund's Trust Deed dated 12 July 2007, which may be different from the accounting policies stated in the financial statements.

Units of the Fund are redeemable at the option of the holders of redeemable units and are classified as a financial liability in the Statement of Financial Position which represents the net assets attributable to holders of redeemable units (or "net asset value", "net assets" or "NAV") and is carried at the redemption amount that would be payable at the Statement of Financial Position date if the holders of redeemable units exercised the right to redeem units of the Fund.

**3 Number of units in issue and net assets attributable to holders of redeemable units (per unit)**

	2011		2010	
	Investment Units	Administration Units	Investment Units	Administration Units
Number of units in issue:				
At the beginning of the year	7,824.000	94,759.898	7,824.000	70,483.682
Total allotments	102.804	79,808.652	-	50,231.972
Total redemptions	-	(42,407.789)	-	(25,955.756)
At the end of the year	<u>7,926.804</u>	<u>132,160.761</u>	<u>7,824.000</u>	<u>94,759.898</u>
	HK\$	HK\$	HK\$	HK\$
Net assets attributable to holders of redeemable units	<u>530,533</u>	<u>8,639,866</u>	<u>390,578</u>	<u>4,648,357</u>
Net assets attributable to holders of redeemable units (per unit)	<u>66.93</u>	<u>65.37</u>	<u>49.92</u>	<u>49.05</u>

Holders of investment units are only entitled to investment management services from the Manager. Holders of administration units are also entitled to other administrative services provided by the Manager upon payment of the administration fee, which is deducted from the share of net assets of the respective units.

**4 Financial risk management****(I) Financial risk factors**

The Fund solely invests in a collective investment scheme - JF SAR European Fund which is managed by the Fund's Investment Manager. The Master Fund invests in the equity markets of major countries such as United Kingdom, France and Germany. The Fund's activities therefore expose it to the same financial risks to which the Master Fund is exposed to, i.e. market risk (including market price risk, interest rate risk and currency risk), credit risk and liquidity risk.

As at 30 June 2011, the Fund owned 0.338% (2010: 0.228%) of the Master Fund's net assets attributable to the holders of redeemable units.

The Master Fund has adopted United States dollar as its functional and presentation currency. The Fund's exposures in the Master Fund are translated into Hong Kong dollar, which is the functional and presentation currency of the Fund, using the year end exchange rate. As at 30 June 2011, the exchange rate of United States dollar against Hong Kong dollar is 7.7813 (2010: 7.7872).

**(a) Market risk****(i) Market price risk**

The Master Fund's investments are subject to the market price risk inherent in all investments i.e. the value of holdings may fall as well as rise. The Master Fund's market risk is managed through (i) deliberate stocks selection, and (ii) diversification of the investment portfolio in accordance with specific investment restrictions and guidelines.

The Manager of the Master Fund monitors the market price sensitivity primarily through the Beta of the Master Fund on a regular basis. Beta measures the statistical relationship between the return of the Master Fund and the relevant benchmark index chosen by the Manager of the Master Fund.

As at 30 June, the fair value of investments of the Master Fund and its estimated market sensitivity were as follows:

	2011		2010	
	Fair value of investments HK\$	% of net assets	Fair value of investments HK\$	% of net assets
Listed/Quoted Investments				
<u>Assets</u>				
<u>Equities</u>				
- United Kingdom	843,193,145	31.2	650,133,985	30.9
- France	450,791,104	16.7	259,876,362	12.3
- Germany	307,143,590	11.4	319,677,884	15.2
- Switzerland	251,788,006	9.3	237,638,299	11.3
- Italy	175,297,150	6.5	120,690,137	5.7
- Spain	161,048,150	6.0	91,121,640	4.3
- Netherlands	150,575,438	5.6	125,930,183	6.0
- Others	295,176,332	10.9	233,323,490	11.1
Total Listed/Quoted Investments	2,635,012,915	97.6	2,038,391,980	96.8

	Net asset value HK\$	Relevant benchmark index for the Master Fund (Note*)	Beta (Note**)	% of reasonable possible change of the relevant benchmark index (Note***)	Estimated impact on net asset value (Note****) HK\$
As at 30 June 2011	2,700,858,027	MSCI Europe (NDR)	1.01	+36.0	982,031,979
As at 30 June 2010	2,105,096,161	MSCI Europe (NDR)	1.00	+6.2	130,515,962

If the relevant benchmark index return was to move in the opposite direction, this would result in an opposite movement in the net asset value of the Master Fund by the same amount.

Note:

\* Relevant benchmark index for the Master Fund represents the relevant market index used by the Manager of the Master Fund in monitoring the market price risk of the Master Fund.

\*\* Beta measures the statistical relationship between the return of the Master Fund and the respective benchmark index over the maximum of past 36 months, or the number of months since portfolio inception. For funds launched within a period of less than 12 months, weekly returns of the Master Fund are used for calculating the Beta.

\*\*\* % of reasonable possible change is based on the actual historical change in the benchmark index in the past 12 months and does not include remote or "worst case" scenarios or "stress tests" nor represent the Master Fund Manager's forecast of the Master Fund's future returns. In order to better reflect on the period over which reasonable possible change may take effect, the Master Fund Manager assessed and revised the calculation of % of reasonable possible change from using the actual historical change in the benchmark index from in the past 3 months to 12 months. For funds launched within a period of less than 12 months, actual historical change in the benchmark index since the commencement of operations will be used to calculate the % of reasonable possible change.

\*\*\*\* Estimated impact on net asset value of the Master Fund is calculated by applying the relevant Beta against the net asset value of the Master Fund multiplied by the % of reasonable possible change of the relevant benchmark index, assuming that all other variables are held constant.

**(ii) Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument or future cash flow will fluctuate due to changes in market interest rates.

The Fund

The Fund is a feeder fund investing substantially all of its assets in the Master Fund and thus its investment is not directly exposed to interest rate risk. The Fund's bank deposits are exposed to interest rate risk which is considered to be minimal as these interest bearing assets are short term in nature, changes in their fair values in the event of a change in interest rate will not be material.

The Master Fund

The table below summarizes the Master Fund's financial assets and liabilities as at 30 June which expose it to the risk associated with the effects of fluctuations in the prevailing levels of market interest rates, categorized by remaining maturity dates.

	2011 Less than 1 month HK\$	2010 Less than 1 month HK\$
Cash at banks	60,114,254	61,001,670
Total interest sensitivity gap	<u>60,114,254</u>	<u>61,001,670</u>

Any cash and cash equivalents are placed/borrowed at short term market interest rates and the Manager of the Master Fund considers that the Master Fund is not subject to significant amount of risk due to the stable and low fluctuation in the prevailing levels of market interest rates.

**(iii) Currency risk**

The Fund

The Fund invests substantially all of its assets in the Master Fund in United States dollar denomination. HKFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not currency risk. The Investment Manager monitors the exposure on all foreign currency denominated assets and liabilities including both monetary and non-monetary assets and liabilities.

The Fund's other assets and liabilities are mainly denominated in United States dollar and Hong Kong dollar and are therefore not exposed to significant currency risk as the Hong Kong dollar is currently pegged to United States dollar.

The Master Fund

The Master Fund holds assets and liabilities denominated in a number of currencies. HKFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not currency risk. The Manager of the Master Fund monitors the exposure on all foreign currency denominated assets and liabilities including both monetary and non-monetary assets and liabilities.

The table below summarizes the Master Fund's exposure to currency risk as at 30 June 2011 together with the percentage of reasonable possible change in foreign currencies and the estimated impact on net asset value.

	US\$ equivalent	% of reasonable possible change against US\$ (Note**)	Estimated impact on net asset value US\$
<u>2011</u>			
Danish Kroner	4,452,625	+18.2	810,378
Euro	185,869,121	+18.4	34,199,918
Hong Kong Dollar	9,698	+0.1	10
Norwegian Krone	2,803,710	+21.2	594,387
Sterling	109,328,408	+7.3	7,980,974
Swedish Kroner	11,129,050	+23.3	2,593,069
Swiss Franc	32,557,229	+28.1	9,148,581
	<u>346,149,841</u>		<u>55,327,317</u>

Net currency exposures (Note*)	US\$ equivalent	% of reasonable possible change against US\$ (Note**)	Estimated impact on net asset value US\$
<u>2010</u>			
Danish Kroner	908,839	-12.7	(115,423)
Euro	146,025,514	-12.7	(18,545,240)
Hong Kong Dollar	6,498	-0.5	(32)
Norwegian Krone	3,048,534	-1.0	(30,485)
Pound Sterling	84,324,281	-9.2	(7,757,834)
Swedish Kroner	4,600,519	-0.4	(18,402)
Swiss Franc	30,635,011	+0.9	275,715
	269,549,196		(26,191,701)

If the foreign currency fluctuations were to move in the opposite direction, this would result in an opposite movement in the net asset value of the Master Fund by the same amount, assuming that all other variables are held constant.

Note:

\* Net currency exposures on assets and liabilities include both monetary and non-monetary assets and liabilities.

\*\* % of reasonable possible change is based on the actual historical change in the respective currencies against the functional currency of the Master Fund in the past 12 months and does not include remote or "worst case" scenarios or "stress tests" nor represent the Master Fund Manager's forecast of the Master Fund's future returns. In order to better reflect on the period over which reasonable possible change may take effect, the Master Fund Manager assessed and revised the calculation of % of reasonable possible change from using the actual historical change in the respective currencies against the functional currency of the Master Fund from in the past 3 months to 12 months.

**(b) Credit risk**

Credit risk is the risk that a counterparty will not be able to pay amounts in full when due.

The Fund

As at 30 June, the Fund's maximum exposure to credit risk before any credit enhancements was as follows:

	2011 HK\$	2010 HK\$
Cash at banks	216,570	106,100
Amounts receivable on allotment	347	196,475
	216,917	302,575

The table below summarizes the credit rating of the financial assets placed with banks as at 30 June.

	2011 Exposure to counterparties HK\$	2010 Exposure to counterparties HK\$
Bank balances S&P(AA)/Moody's(Aa)/FITCH(AA)	216,570	106,100

The Master Fund

As at 30 June, the Master Fund's maximum exposure to credit risk before any credit enhancements was as follows:

	2011 HK\$	2010 HK\$
Cash at banks	60,114,254	61,001,670
Amounts due from brokers	4,156,389	853,633
Amounts receivable on allotment	900,226	684,238
Dividend receivable	4,489,297	4,140,400
	<u>69,660,166</u>	<u>66,679,941</u>

All transactions in listed investments are settled on a delivery versus payment basis using approved brokers. The risk of default is considered minimal, as delivery of investments sold is only made when the Master Fund's custodian bank has received payment. For a purchase, payment is made once the investments have been received by the Master Fund's custodian bank. The trade will fail if either party fails to meet the obligation.

The table below summarizes the credit rating of the ultimate holding company of the custodian.

	2011 Exposure to counterparties HK\$	2010 Exposure to counterparties HK\$
Bank balances under the safekeeping of the custodian S&P(AA)/Moody's(Aa)/FITCH(AA)	<u>60,114,254</u>	<u>61,001,670</u>

**(c) Liquidity risk**

The Fund is exposed to daily redemption of units. As at 30 June 2011 and 2010, the Fund invests solely in collective investment scheme - JF SAR European Fund which allows daily redemption. The Manager may also limit the total number of units redeemed on any dealing day to 10% or more of the units in issue on any dealing day.

The table below summarizes the Fund's and the Master Fund's financial liabilities into relevant maturity groupings based on the remaining period as at 30 June to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

The Fund

	2011 Less than 1 month HK\$	2010 Less than 1 month HK\$
Amounts due to brokers	100,000	-
Other accounts payable	77,973	68,403
Net assets attributable to holders of redeemable units	<u>9,170,399</u>	<u>5,038,935</u>
Total financial liabilities	<u>9,348,372</u>	<u>5,107,338</u>

The Master Fund

	2011 Less than 1 month HK\$	2010 Less than 1 month HK\$
Amounts due to brokers	157,571	-
Amounts payable on redemption	2,748,379	974,771
Other accounts payable	3,127,764	1,103,664
Net assets attributable to holders of redeemable units (Note*)	2,700,858,027	2,105,096,161
Total financial liabilities	<u>2,706,891,741</u>	<u>2,107,174,596</u>

Note:

\* The Manager of the Master Fund may limit the total number of units redeemed on any dealing day to 10% or more of the current units in issue of any one class on any dealing day.

The Investment Manager manages the Fund's liquidity risk by investing predominantly in investments that the Investment Manager expects to be able to liquidate within 1 month to meet the total financial liabilities and making short term bank borrowing.

**(II) Capital risk management**

The capital of the Fund is represented by the net assets attributable to holders of redeemable units which is subject to subscriptions and redemptions of redeemable units. The Fund's objective for capital management is to provide returns and long-term capital growth for unitholders.

In order to maintain the capital structure, the Management perform the following:

- Monitor subscriptions and redemptions activities relative to the liquid assets.
- To protect the interest of unitholders and in exceptional circumstances, the Manager may also limit the total number of units redeemed on any dealing day to 10% or more of the units in issue on any dealing day.
- Monitor fund investment guidelines and restrictions, in accordance with the constitutional documents, to maintain sufficient liquidity through diversification.

**(III) Fair value estimation**

As at 30 June 2011 and 2010, the Management consider that the carrying values of assets and liabilities were reasonable approximations of their fair value.

HKFRS 7 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The table below summarizes the Fund's investments within the fair value hierarchy measured at fair value as at 30 June:

Listed/Quoted Investments	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
<u>2011</u>				
<u>Assets</u>				
Collective Investment Schemes	9,131,455	-	-	9,131,455
Total financial assets at fair value through profit and loss	<u>9,131,455</u>	<u>-</u>	<u>-</u>	<u>9,131,455</u>
<u>2010</u>				
<u>Assets</u>				
Collective Investment Schemes	4,804,763	-	-	4,804,763
Total financial assets at fair value through profit and loss	<u>4,804,763</u>	<u>-</u>	<u>-</u>	<u>4,804,763</u>

## 5 Net gains on investments

	2011 HK\$	2010 HK\$
Change in unrealized gains/losses in value of investments	2,058,396	361,495
Realized gains/(losses) on sale of investments	39,204	(183,436)
	<u>2,097,600</u>	<u>178,059</u>

## 6 Taxation

No provision for Hong Kong profits tax has been made as the Fund was authorized as a collective investment scheme under Section 104 of the Securities and Futures Ordinance and is therefore exempt from profits tax under Section 26A(1A) of the Inland Revenue Ordinance.

Under current laws of the Cayman Islands, there are no income, capital gains or other taxes payable by the Fund. As a result, no provision for income taxes has been made in the financial statements.

## 7 Transactions with the Trustee and its affiliates and the Manager and its Connected Persons

The following is a summary of transactions entered into during the year between the Fund and the Trustee and its affiliates and the Manager and its Connected Persons. Connected Persons of the Manager are those as defined in the Code on Unit Trusts and Mutual Funds established by the SFC. All such transactions were entered into in the ordinary course of business and were on normal commercial terms.

- (a) As stated in Note 1, the Fund is a feeder fund investing solely in the units of JF SAR European Fund which is issued and managed by the Fund's Investment Manager.

(b) Investment transactions with the Manager and its Connected Persons are set out below:

Name of company	Aggregate value of purchases and sales of investments HK\$	Commission paid HK\$	% of the Fund's total commission paid in the year	Average commission rate %
<u>2011</u>				
JPMorgan Funds (Asia) Limited	4,437,553	-	-	-
<u>2010</u>				
JPMorgan Funds (Asia) Limited	2,774,841	-	-	-

(c) Balances with the Manager and its Connected Persons as at year end:

	2011 HK\$	2010 HK\$
Cash at banks	216,570	91,748
Amounts payable	(111,981)	(6,356)

As at 30 June 2011, the Fund's investment balance of HK\$9,131,455 (2010: HK\$4,804,763) represents the investments in the collective investment schemes issued and managed by a Connected Person of the Manager.

- (d) The Fund may utilize the brokerage, custodian, agency and banking services of the Trustee and its affiliates and the Manager and its Connected Persons.
- (e) For the year ended 30 June 2011, there was no income accruing to the Manager relating to allotments and redemptions in the Fund (2010: nil).
- (f) Management fee of 1% per annum of the net asset value of the Fund is paid to JPMorgan Funds (Asia) Limited. Management fee is accrued on each dealing day and is payable monthly in arrears.
- The manager of the JF SAR Funds has not charged a management fee in respect of the Class B units of the JF SAR Funds.
- (g) Administration fee of 0.6% per annum of the net asset value attributable to administration units of the Fund is paid to JPMorgan Funds (Asia) Limited. Administration fee is calculated daily and is payable monthly in arrears.
- (h) The Fund allows the Manager and its Connected Persons to subscribe for, and redeem, units of the Fund. All such transactions are entered into in the ordinary course of business and are on normal commercial terms.

## 8 Trustee's fee

Trustee's fee of 0.1% per annum of the net asset value of the Fund is paid to the Trustee. The trustee's fee of 0.1% per annum of the asset value of JF SAR Funds is waived since a trustee's fee of 0.08% (before 1 July 2010: 0.085%) per annum of the net asset value of JF SAR Funds is paid to the trustee of JF SAR Funds, a Connected Person of the Trustee. Trustee's fee is calculated daily and is payable quarterly in arrears.

## 9 Soft commission arrangements

During the year, the Investment Manager and its associates did not enter into any soft commission arrangements in connection with directing transactions of the Fund through a broker or dealer (2010: nil).

## 10 Distribution

No distribution was made during the year (2010: nil).

Investment Portfolio  
As at 30 June 2011 *(Unaudited)*

	Place of establishment	Holding	Fair value HK\$	% of net assets
<b>Listed/Quoted Investments</b> (99.6%)				
<b>Collective Investment Schemes</b> (99.6%)				
<b>Europe</b> (99.6%)				
JF SAR European Fund 'B'*	Hong Kong	57,639	9,131,455	99.6
			<hr/>	<hr/>
<b>Total Listed/Quoted Investments</b>			9,131,455	99.6
<b>Other net assets</b>			38,944	0.4
			<hr/>	<hr/>
<b>Net assets attributable to holders of redeemable units at 30 June 2011</b>			9,170,399	100.0
			<hr/> <hr/>	<hr/> <hr/>
<b>Total investments, at cost</b>			8,393,317	
			<hr/> <hr/>	

\* Issued and managed by a Connected Person of the Manager (refer to Note 7 for the definition of Connected Persons)

Note: Collective Investment Scheme listed above is quoted investment.

Statement of Movements in Portfolio Holdings  
For the year ended 30 June 2011 *(Unaudited)*

	% holdings of net assets	
	2011	2010
Listed/Quoted Investments		
Collective Investment Schemes		
Europe	99.6	95.4
<b>Total Listed/Quoted Investments</b>	<u>99.6</u>	<u>95.4</u>
Other net assets	0.4	4.6
<b>Net assets attributable to holders of redeemable units at 30 June</b>	<u><u>100.0</u></u>	<u><u>100.0</u></u>

Supplementary Information  
Investment Portfolio of JF SAR European Fund  
As at 30 June 2011 (Unaudited)

	Holding	Fair value US\$	% of net assets
<b>Listed/Quoted Investments (97.6%)</b>			
<b>Equities (97.6%)</b>			
<b>Austria (0.6%)</b>			
Austriamicrosystems AG	3,415	168,317	0.1
Oesterreichische Post	13,212	423,909	0.1
OMV AG-Austria Listing	27,303	1,187,558	0.3
Voestalpine AG	2,837	155,603	0.1
<b>Belgium (1.4%)</b>			
Barco NV	2,056	152,175	0.1
Bekaert NV	12,022	915,080	0.3
Belgacom SA	11,113	396,199	0.1
Compagnie d'Entreprises CFE	3,052	220,495	0.1
Nyrstar NV	79,351	1,148,170	0.3
Recticel SA	12,558	138,375	0.0
SA D'leteren-Belgium Listing	12,350	842,282	0.2
Umicore SA	21,748	1,185,894	0.3
<b>Denmark (1.3%)</b>			
H Lundbeck	34,199	897,420	0.3
Novo Nordisk 'B'	14,655	1,837,359	0.5
Royal Unibrew	3,556	233,629	0.1
Topdanmark A/S	7,958	1,484,217	0.4
<b>Finland (3.6%)</b>			
Fortum OYJ	7,058	203,945	0.1
Huhtamaki Oyj	37,913	484,270	0.1
Kone Oyj 'B'	24,196	1,518,287	0.4
Metso Oyj	17,499	993,525	0.3
Nokian Renkaat	22,040	1,103,396	0.3
Orion Oyj 'B'	67,155	1,730,170	0.5
Stora Enso 'R'	198,148	2,078,506	0.6
UPM-Kymmene Oyj	24,931	455,442	0.1
Wartsila Oyj	120,554	4,069,000	1.2
<b>France (16.7%)</b>			
Alcatel-Lucent	102,613	593,309	0.2
Alstom SA	36,391	2,243,419	0.6
Alten Ltd	6,627	263,600	0.1
Altran Technologies	18,835	152,105	0.0
Arkema SA	50,114	5,156,523	1.5
Atos Origin	8,388	473,015	0.1
BNP Paribas	107,431	8,291,043	2.4
Bureau Veritas	22,888	1,931,319	0.6
Casino Guichard Perrachon	3,998	376,425	0.1
Christian Dior	5,793	911,289	0.3
Credit Agricole	162,936	2,447,371	0.7
Derichebourg SA	39,696	307,334	0.1
Eiffage SA	13,399	884,393	0.3
Entrepose Contracting	1,234	175,065	0.0
Faurecia SA	43,356	1,856,561	0.5
Michelin 'B'-Regd	1,165	113,759	0.0
Peugeot SA	29,238	1,308,601	0.4
Plastic Omnium	16,053	522,278	0.2
Rallye SA	7,824	324,825	0.1
Renault SA	16,915	1,002,672	0.3
Rexel SA	44,629	1,106,462	0.3

Supplementary Information

Investment Portfolio of JF SAR European Fund (Continued)

As at 30 June 2011 (Unaudited)

	Holding	Fair value US\$	% of net assets
<b>France</b> (Continued)			
Sanofi	64,243	5,158,243	1.5
SEB SA	2,343	245,433	0.1
Sequana	11,530	172,851	0.0
Societe BIC	8,315	802,294	0.2
Societe Generale	47,936	2,843,940	0.8
Television Francaise 1	85,789	1,559,740	0.4
Total SA	131,429	7,590,652	2.2
Valeo SA	39,406	2,689,812	0.8
Vivendi	203,270	5,651,084	1.6
Wendel	4,323	530,498	0.2
Zodiac Aerospace	2,836	246,706	0.1
<b>Germany</b> (11.4%)			
Aareal Bank	30,648	1,049,777	0.3
Allianz SE-Regd	26,701	3,728,783	1.1
Axel Springer	16,065	793,320	0.2
BASF SE	94,330	9,234,328	2.7
Bayerische Motoren Werke	26,980	2,686,552	0.8
Bechtle AG	11,056	494,511	0.1
Bertrandt AG	6,776	508,598	0.2
Bilfinger Berger	11,386	1,125,680	0.3
Brenntag AG	3,007	349,473	0.1
Daimler AG-Regd	41,725	3,133,036	0.9
Delticom AG	3,123	332,890	0.1
Deutsche Bank-Regd	48,232	2,847,865	0.8
Deutsche Lufthansa-Regd	31,663	688,140	0.2
Drillisch AG	42,425	492,141	0.1
Fuchs Petrolub Pref Await Cert	18,267	1,016,737	0.3
Grammer AG	5,030	124,852	0.0
Hannover Rueckversicherungs-Regd	38,017	1,982,353	0.6
Hugo Boss Pref-Non Vtg	4,083	414,382	0.1
Jungheinrich AG Pref-Non Vtg	7,392	311,337	0.1
Kloeckner & Co-Regd	13,533	407,034	0.1
Lanxess AG	33,547	2,738,326	0.8
Leoni AG-Regd	7,532	446,093	0.1
Merck KGaA	3,419	371,480	0.1
Metro AG	2,766	167,470	0.1
Pfeiffer Vacuum Technology	4,454	555,356	0.2
Siemens AG-Regd	17,088	2,345,948	0.7
Sixt AG	7,253	404,857	0.1
Suess Microtec	30,398	441,607	0.1
Wacker Chemie	836	180,720	0.1
XING AG	1,267	98,369	0.0
<b>Italy</b> (6.5%)			
Astaldi SpA	33,514	245,624	0.1
Banca Generali	35,331	487,403	0.1
Danieli & C.Officine Meccaniche	7,610	210,296	0.0
Davide Campari-Milano	158,025	1,293,340	0.4
De Longhi	43,476	503,639	0.1
DiaSorin SpA	26,653	1,279,078	0.4
Enel SpA	1,058,512	6,881,521	2.0
Ente Nazionale Inrocarburi-ENI	323,507	7,635,916	2.2
Fiat Industrial	65,187	837,371	0.2
Finmeccanica SpA	30,006	360,650	0.1
Indesit Co	34,159	339,002	0.1
Marr SpA	18,594	239,257	0.1
Prysmian SpA	22,472	451,899	0.1

**Supplementary Information**

**Investment Portfolio of JF SAR European Fund (Continued)**

As at 30 June 2011 *(Unaudited)*

	Holding	Fair value US\$	% of net assets
<b>Italy (Continued)</b>			
Recordati SpA	54,340	594,826	0.2
Snam Rete Gas	40,256	238,247	0.1
Soc Iniziative Autost Servizi-SIAS	20,468	234,288	0.1
Telecom Italia	168,472	234,122	0.1
Yoox SpA	25,065	461,524	0.1
<b>Netherlands (5.6%)</b>			
Ahold	159,577	2,142,650	0.6
ASM Intl	19,368	763,935	0.2
ASML Hldg	129,083	4,753,635	1.4
BE Semiconductor Industries	36,311	315,452	0.1
Delta Lloyd	21,929	519,828	0.2
Heijmans NV CVA	17,917	451,090	0.1
ING Groep CVA	296,003	3,643,139	1.0
Koninklijke DSM	1,845	119,705	0.0
Koninklijke Ten Cate	4,796	194,106	0.1
Koninklijke Wessanen	52,474	215,229	0.1
Nutreco NV	13,736	1,009,897	0.3
Royal Dutch Shell 'A'-NL Listing	147,138	5,222,270	1.5
<b>Norway (0.8%)</b>			
Cermaq ASA	50,574	812,981	0.2
DNB NOR	33,412	467,355	0.1
Leroy Seafood Group	6,767	160,175	0.1
Marine Harvest	1,054,669	850,348	0.2
Norske Skogindustrier	157,978	263,520	0.1
Subsea 7	9,333	239,872	0.1
<b>Spain (6.0%)</b>			
Antena 3 Television	15,744	129,882	0.0
Banco Bilbao Vizcaya Argentaria	78,374	918,589	0.3
Banco Santander	287,597	3,319,101	1.0
Corporacion Financiera Alba	11,480	648,295	0.2
Ebro Foods	106,264	2,454,285	0.7
Endesa SA	28,052	933,811	0.3
Industria de Diseno Textil-Inditex	7,281	663,362	0.2
Pescanova SA	4,416	189,067	0.1
Red Electrica Corp	7,005	421,635	0.1
Repsol YPF	152,317	5,282,416	1.5
Telefonica SA	188,126	4,598,641	1.3
Viscofan Envolturas Celulosicas	28,671	1,137,734	0.3
<b>Sweden (3.2%)</b>			
AarhusKarlshamn AB	4,889	141,788	0.1
Axfood AB	11,122	391,294	0.1
Betsson AB 'B'	16,046	381,439	0.1
Bilia AB 'A'	16,522	298,493	0.1
Boliden AB	42,268	782,387	0.2
Hexpol AB	10,802	308,993	0.1
Hoganas AB 'B'	2,742	109,505	0.0
Industrivarden AB 'A'	42,277	742,354	0.2
JM AB	14,538	343,288	0.1
NCC AB 'B'	49,125	1,119,512	0.3
Scania AB 'B'	35,695	828,728	0.2
Skandinaviska Enskilda Banken 'A'	198,391	1,625,473	0.5
Swedbank AB 'A'	188,629	3,177,671	0.9
Swedish Match	5,346	179,695	0.1
Volvo AB 'B'	39,172	685,970	0.2

Supplementary Information

Investment Portfolio of JF SAR European Fund (Continued)

As at 30 June 2011 (Unaudited)

	Holding	Fair value US\$	% of net assets
<b>Switzerland (9.3%)</b>			
ABB Ltd-Regd	28,585	740,087	0.2
Adecco SA-Regd	16,455	1,053,355	0.3
Barry Callebaut-Regd	791	782,075	0.2
Bossard Hldg	1,535	285,853	0.1
Bucher Industries-Regd	1,817	400,085	0.1
Burckhardt Compression Hldg	1,000	304,038	0.1
Charles Voegelé Hldg	5,465	289,476	0.1
Credit Suisse Group-Regd	32,729	1,270,678	0.4
Fischer (Georg)-Regd	2,322	1,274,067	0.4
Forbo Hldg-Regd	1,151	871,452	0.2
GAM Hldg-Regd	109,149	1,782,421	0.5
Gategroup Hldg	11,172	490,931	0.1
Helvetia Hldg-Regd	1,625	694,292	0.2
Meyer Burger Technology	11,641	511,540	0.1
Micronas Semiconductor Hldg-Regd	33,154	283,896	0.1
Nestlé SA-Regd	76,146	4,720,690	1.4
Novartis AG-Regd	105,583	6,451,598	1.8
Petroplus Hldgs	42,097	599,957	0.2
Roche Hldg (Genusschein)	9,697	1,618,086	0.5
Schmolz & Bickenbach-Regd	45,370	560,390	0.2
Sulzer AG-Regd	8,261	1,335,299	0.4
Swiss Life Hldg-Regd	1,835	300,094	0.1
Swisscom AG-Regd	1,252	572,768	0.2
UBS AG-Regd	162,567	2,959,801	0.8
Valora Hldg	637	195,185	0.0
Zehnder Group-Bearer	69	213,064	0.1
Zurich Financial Serv CHF List-Regd	7,120	1,796,912	0.5
<b>United Kingdom (31.2%)</b>			
Anglo American-UK Listing	12,200	604,537	0.2
Associated British Foods	74,898	1,301,051	0.4
AstraZeneca plc	163,222	8,140,420	2.3
Atkins (WS)	52,799	634,051	0.2
Aviva plc	309,642	2,182,334	0.6
Barclays plc	446,060	1,836,508	0.5
Beazley plc	63,843	127,813	0.0
Bellway plc	26,125	299,888	0.1
Berkeley Group Hldgs	35,446	731,821	0.2
BHP Billiton plc	177,521	6,985,377	2.0
Bodycote plc	78,763	469,762	0.1
Bovis Homes Group	47,793	339,143	0.1
BP plc	856,527	6,301,447	1.8
British American Tobacco-UK List	109,551	4,803,246	1.4
BT Group	395,468	1,279,332	0.4
Burberry Group	15,496	360,732	0.1
Carillion plc	217,782	1,314,639	0.4
Centrica plc	117,915	612,028	0.2
Charter Intl	53,169	676,053	0.2
Computacenter plc	31,253	239,586	0.1
Croda Intl	15,853	480,010	0.1
Dairy Crest Group	33,498	198,984	0.1
Debenhams plc	326,148	361,294	0.1
Devro plc	84,279	364,378	0.1
Drax Group	165,269	1,335,942	0.4
Electrocomponents plc	182,062	796,202	0.2
Elementis plc	76,277	210,629	0.1
GlaxoSmithKline plc	58,715	1,257,482	0.4
Greggs plc	24,035	203,739	0.1

Supplementary Information

Investment Portfolio of JF SAR European Fund (Continued)

As at 30 June 2011 (Unaudited)

	Holding	Fair value US\$	% of net assets
<b>United Kingdom</b> (Continued)			
Hargreaves Lansdown	45,503	443,796	0.1
Hays plc	351,656	581,503	0.2
HSBC Hldgs-UK Listing	683,122	6,775,525	2.0
IMI plc	79,809	1,347,921	0.4
Imperial Tobacco Group	51,463	1,710,260	0.5
Inchcape plc	152,352	1,022,156	0.3
Interserve plc	49,687	257,059	0.1
ITE Group	95,728	335,498	0.1
ITV plc	1,061,231	1,218,184	0.3
Jupiter Fund Management	32,424	131,335	0.0
Kier Group	14,760	322,035	0.1
Kingfisher plc	112,088	480,831	0.1
Lancashire Hldgs	71,617	750,228	0.2
Legal & General Group	2,185,606	4,147,498	1.2
Melrose plc	80,610	468,483	0.1
Misys plc	29,940	201,882	0.1
Morrison (WM) Supermarkets	560,603	2,679,360	0.8
Next plc	37,239	1,389,412	0.4
Pace plc	86,299	147,554	0.0
Persimmon plc	209,962	1,625,754	0.5
Prudential plc	376,007	4,343,337	1.3
Renishaw plc	10,438	293,762	0.1
Restaurant Group	21,091	99,516	0.0
Rio Tinto-UK Listing	60,428	4,348,173	1.3
Royal Dutch Shell 'B'-UK Listing	235,760	8,408,396	2.4
RPC Group	120,253	700,808	0.2
Scottish & Southern Energy	79,250	1,772,341	0.5
Shire plc	30,108	939,669	0.3
Smith (David S) Hldgs	155,859	627,812	0.2
Spectris plc	11,493	293,747	0.1
Sthree plc	15,166	96,663	0.0
Supergroup plc	20,626	283,622	0.1
TalkTalk Telecom	61,404	140,971	0.0
Tate & Lyle	77,937	770,138	0.2
Travis Perkins	14,513	230,552	0.1
Tullett Prebon	84,208	478,444	0.1
Unilever plc	77,359	2,488,888	0.7
United Business Media	10,889	97,286	0.0
Vodafone Group	3,332,571	8,844,005	2.5
Weir Group	39,449	1,346,468	0.4
WH Smith	12,329	96,969	0.0
XP Power	6,195	156,546	0.0
Xstrata plc	32,374	712,055	0.2
Yule Catto & Co	83,983	306,605	0.1
<b>Total Listed/Quoted Investments</b>		<b>338,634,022</b>	<b>97.6</b>

Supplementary Information  
Investment Portfolio of JF SAR European Fund (Continued)  
As at 30 June 2011 *(Unaudited)*

Holding	Fair value US\$	% of net assets
<b>Other net assets (2.4%)</b>		
Cash at banks	7,725,477	2.2
Accounts receivable		
Amounts receivable on allotment	115,691	0.0
Amounts due from brokers	534,151	0.1
Dividend receivable	576,934	0.2
Accounts payable		
Amounts payable on redemption	(353,203)	(0.1)
Amounts due to brokers	(20,250)	(0.0)
Other accounts payable	(401,959)	(0.1)
Fair value adjustment of units of the Fund	285,127	0.1
	<hr/>	<hr/>
<b>Total other net assets</b>	8,461,968	2.4
	<hr/>	<hr/>
<b>Net assets attributable to holders of redeemable units at 30 June 2011</b>	347,095,990	100.0
	<hr/> <hr/>	<hr/> <hr/>
<b>Total investments, at cost</b>	292,303,690	
	<hr/> <hr/>	

**Performance Record - Unaudited**

**Net Asset Values**

At financial period ended	Net asset value of the Fund HK\$	Net asset value per investment unit HK\$	Net asset value per administration unit HK\$
30/6/11	9,170,399	66.93	65.37
30/6/10	5,038,935	49.92	49.05
30/6/09	3,764,384	48.57	48.02

**Highest Offer/Lowest Bid Prices**

<u>Financial period ended</u>	<u>Highest offer</u> HK\$	<u>Lowest bid</u> HK\$
Investment unit		
30/6/11	70.77	49.64
30/6/10	62.38	46.41
30/6/09	78.04	34.34
30/6/08 (since inception)	100.00	74.24
Administration unit		
30/6/11	69.20	48.77
30/6/10	61.53	45.88
30/6/09	77.58	34.01
30/6/08 (since inception)	100.00	74.02

## Management and Administration

### Manager and Service Provider

JPMorgan Funds (Asia) Limited  
21/F, Chater House  
8 Connaught Road Central  
Hong Kong

### Investment Manager

JF Asset Management Limited  
21/F, Chater House  
8 Connaught Road Central  
Hong Kong

### Directors of the Manager

as at 13 October 2011  
Ann Kui Ching Kao  
Edwin Tsun Kay Chan  
Elsie Pui Shan Leung  
Ken Wai Ming Tam  
Leo Ka Kui Cheung  
Lily Suet Lai Lau  
Marco Ka Nam Tang  
Terry San Kong Pan

### Administrator/Trustee and Registrar

Royal Bank of Canada Trust Company (Cayman) Limited  
P.O. Box 1586, 24 Shedden Road  
Grand Cayman  
Cayman Islands  
British West Indies

### Auditor

PricewaterhouseCoopers  
P.O. Box 258  
Strathvale House  
Grand Cayman KY1-1104  
Cayman Islands  
British West Indies

[www.jpmorganam.com.hk](http://www.jpmorganam.com.hk)